

MINUTES OF THE
MARICOPA ASSOCIATION OF GOVERNMENTS
MAG REGIONAL COUNCIL EXECUTIVE COMMITTEE

February 16, 2016
MAG Offices, Ironwood Room
302 N. 1st Avenue, Phoenix, Arizona

MEMBERS ATTENDING

Mayor W.J. “Jim” Lane, Scottsdale, Chair
Mayor Greg Stanton, Phoenix, Vice Chair
Mayor Jackie Meck, Buckeye, Treasurer

Mayor Gail Barney, Queen Creek
Mayor Michael LeVault, Youngtown
Mayor Mark Mitchell, Tempe
*Mayor Lana Mook, El Mirage

* Not present

Participated by video or telephone conference call

1. Call to Order

The Executive Committee meeting was called to order by Chair Lane at 12:02 p.m. Mayor Mook participated by teleconference. The Pledge of Allegiance was recited.

2. Call to the Audience

Chair Lane stated according to the MAG public comment process, members of the audience who wish to speak are requested to fill out the public comment cards. He stated that there is a three-minute time limit. Public comment is provided at the beginning of the meeting for items that are not on the agenda that are within the jurisdiction of MAG, or non-action agenda items that are on the agenda for discussion or information only. Chair Lane noted no public comment cards had been received.

3. Approval of Executive Committee Consent Agenda

Chair Lane noted prior to action on the consent agenda, members of the audience are provided an opportunity to comment on consent items that are being presented for action. Following the comment period, committee members may request that an item be removed from the consent agenda.

Chair Lane requested a motion to approve the consent agenda. Mayor LeVault moved to approve consent item #3A, 3B and 3C. Mayor Barney seconded the motion and the motion carried unanimously.

3A. Approval of the January 11, 2016 Executive Committee Meeting Minutes

The Regional Council Executive Committee, by consent, approved the January 11, 2016 Executive Committee meeting minutes.

3B. Appointment of MAG Street Committee Vice Chair

In January 2016, the MAG Executive Committee approved the chair and vice chair of the Street Committee. Since that time, Mr. Jimenez, vice chair of the Street Committee, accepted a new position and resigned from Maricopa County. According to the MAG Committee Operating Policies and Procedures, the MAG Regional Council Executive Committee will appoint a new vice chair. On January 29, 2016, MAG solicited for a new Vice Chair and received one letter of interest from Kini Knudson, City of Phoenix. MAG requested approval to appoint Kini Knudson, City of Phoenix, as the Vice Chair of the MAG Street Committee.

3C. Amendment to the FY 2016 MAG Unified Planning and Work Program and Annual Budget for the SHRP2 (C19) Project

In October 2013, MAG, on behalf of the Intermountain West, was awarded a Federal Highway Administration grant, SHRP2 Expediting Project Delivery (C19). On November 13, 2013, the Executive Committee approved acceptance of the \$240,000 SHRP2 funding and approved Duffy Consulting as the consultant to assist with this project in an amount not to exceed \$124,000. A final report including a risk register are part of the final deliverables of the SHRP2 grant. The risk register includes the transportation piece of the SHRP2 project that will analyze a portion of the proposed Interstate 11 corridor from Phoenix to Las Vegas and the economic impacts along that corridor. Staff is requesting approval to amend the FY 2016 MAG Unified Planning and Work Program and Annual Budget to remove \$30,000 from the MAG Associate Agreement with Amy Duffy LLC/Duffy Consulting for the SHRP2 (C19) project and contract with Rounds Consulting Group, Inc. in the amount of \$30,000.

4. Support Planning to Address Domestic Violence Consultant Solicitation

Brande Mead, Human Services Manager, reported that MAG received a STOP Violence against Women grant funding in the amount of \$108,000 from the Governor's Office on children youth and families to support the MAG Protocol Evaluation Project. The goal of the project is to assess the protocols used in the criminal justice system's response to domestic violence calls. Ms. Mead stated that the grant funding includes \$25,000 for a project consultant to conduct a risk assessment of current methods of domestic violence responses and interventions. The consultant project is not currently specified in the budget, but the funds are already included in the FY2016 MAG Unified Planning Work Program and Annual Budget. She noted that staff is asking for approval to add a consultant project in the amount of \$25,000. The project will identify and quantify the associated risks with each intervention or response, and recommend strategies for mitigating risks in the future. Ultimately to save lives, costs and resources.

Chair Lane thanked Ms. Mead for her report. He asked if MAG maintains unallocated funds for these types of developments. Mr. Smith explained that the money excepted from the STOP Grant mentioned this money and the project, but was not reflected as a consultant in the MAG work program. Mr. Smith noted that the money is there. Chair Lane asked the Committee if there were any other questions. There were no comments or questions.

Mayor Meck moved to approve to add a consultant project in the amount of \$25,000 of funds that are already included in the FY 2016 MAG Unified Planning Work Program and Annual Budget to conduct a risk assessment of current methods of domestic violence response and intervention used throughout Greater Phoenix within the criminal justice system. Mayor Mitchell seconded the motion and the motion carried unanimously.

5. Request for Consultant Services for the Shopping and Tourism Initiative

Dennis Smith, MAG Executive Director, stated that for the last few years MAG has been working with regional planning agencies and the Intertribal Council on support for extending the distance of the border zone in Arizona. He noted that we have been very successful in this effort and the MAG Regional Council has also supported this effort. Mr. Smith noted that staff was asked by Mayor LeVault, Chair of the Economic Development Committee, what would be the economic impact of this effort. MAG then contracted with the University of Arizona to study the economic impact, and conservatively it is \$181 million. Staff has also reached out to an expert who was with the state department and in charge of Latin America, and he mentioned to us that this effort needs a presence in Washington D.C. to get done. Mr. Smith stated that after speaking with Garrick Taylor at the Arizona Chamber of Commerce, staff contacted Jim Kolbe, who did the 1999 extension of the border zone from 25 miles to 75 miles. Mr. Kolbe works at Capitol Strategies for Steve Bloch and they provided a few drafts of the scope of work. Mr. Smith noted that this is not a large contract. It is for \$8,000 a month for three months for a total of \$24,000.

The first critical step is to do a reconnaissance and check in with certain members of the congressional delegation. He noted that when Mr. Kolbe did this in 1999, he put it on an appropriations bill, and we have been looking at this as an administrative change but we would like to keep both options open. He stated that in three months we would know which path to take. Mr. Smith stated that we have so many agencies signed on to this effort that we need to make a decision, and this will assist us in making that decision. He noted that this is about distance and that overstays seem to be somewhat of an issue, but studies show that Canadians are overstaying visas more. In addition, if Mexicans are overstaying their visa, then they are already doing so in Tucson. He noted that extending the border zone will assist in streamlining the process for Customs and Border Protection due to the tedious nature of filling out the I-94. Mr. Smith stated that tourism is the number one sector in Arizona and that is why we reached out to all of Arizona to support this effort. He noted that it is time to make a decision.

Chair Lane asked if this would be an administrative change through Homeland Security. Mr.

Smith stated that is one way it could be done, but Capitol Strategies suggested keeping both options open including a legislative change. He noted that the scope of work is written so that we have the option to go either way. Chair Lane asked how this would be enforced if the change happened administratively. Mr. Smith state that it would go through an administrative regulation requirement in the federal register and there would be a comment period. He noted that it would be unique to Arizona and that it would be a five year pilot project with an evaluation. Chair Lane asked what the consequences are for someone who violates and overstays their visa or goes beyond Tucson. Mr. Smith replied that the card holder would lose that card forever. Chair Lane noted that the increase in Canadian overstays could be due to there being so many more Canadian visas. He noted his concern about this not being enforced. Mr. Smith noted that the evaluation mechanism has not been determined, but could include working with border patrol on how to keep track of those that return, which is currently not being enforced. He noted that this is a national conversation. Chair Lane asked where the Administration is on this issue. Mr. Smith replied that we had two meetings with the Governor's staff and they did not oppose this, but remained neutral. One of those meetings included the director of the State Tourism Office who said that she could get 100 letters to support this effort. He noted that they understand the economic impact. Mr. Smith also noted that Mexican nationals support this and it sends the right message to Mexico. Denise McClafferty, Regional Program Manager, added that those who go through the process to obtain a border crossing card through the U.S. State Department are thoroughly vetted and must prove that they have financial ties back to Mexico.

Mayor LeVault stated that staff has been working this effort for a couple of years and believes that this has been vetted as thoroughly as possible. He noted that the border card holders are essentially middle class Mexicans that have proven a tie back to Mexico. He also added that they are already coming to Arizona, but are restricted to 75 miles. Mayor LeVault also pointed out that according to a Pew Research Center study, an estimated 1.7 percent of Mexicans entering the country each year on nonimmigrant visas, such as the border crossing card, may overstay. He noted that he believes this effort assists with the branding of Arizona and changing the message.

Mayor Mitchell moved to approve entering into contract with Capitol Strategies for a three month period to assist in the development of border zone expansion language for a five year pilot project, and submit the proposed language and relevant supplemental information to the appropriate Department of Homeland Security personnel and key members of Congress for an amount not to exceed \$24,000. Mayor LeVault seconded the motion and the motion passed with Mayor Lane voting no.

6. Discussion of the Development of the FY 2017 Unified Planning Work Program and Annual Budget

Becky Kimbrough, MAG Fiscal Services Manager reported on the development of the FY 2017 MAG Unified Planning Work Program and Annual Budget. Ms. Kimbrough stated the development of the Work Program begins in January each year in order to provide

opportunities for early input and review from committee members. This month, we are presenting the final draft of the proposed dues and assessments, the budget process time line and the newly proposed projects for the FY 2017 budget. Ms. Kimbrough stated that there are four attachments reflecting the draft budget materials that were included in your agenda materials for today. She noted attachment A is the proposed dues and assessments. The final CPI-U for December 2015 was posted on January 20th and the average for the 2015 calendar year is 2.33 percent. She explained that it was estimated 2.34 percent in the January draft, so the final draft of the dues and assessments have changed very little with an approximate \$4,700 increase. Ms. Kimbrough stated that attachment B is the budget time line, which outlines the formal budget development process starting in January and ending in May each year. She also noted that the Intermodal Planning Group (IPG) meeting is scheduled for March 11, 2016 at the MAG office. She stated that attachment C is the budget webinar invitation. The webinar is open to the public and members who can attend via the web, phone or in person. Ms. Kimbrough noted that this event is scheduled for Thursday, February 18th in the Cottonwood Room at MAG.

Ms. Kimbrough reviewed attachment D, which gives the description and the cost estimates for newly proposed projects for FY 2017. There are eight proposed new projects and the focus of these projects is to update existing plans, implement best practices and update database work. There are nine projects and associates listed that have been ongoing at MAG, such as the continuation of the Traffic Signal Optimization Program and the Pedestrian and Bicycle Facilities Design Assistance program. These programs are run by MAG for the benefit of the members. She noted that information and details about the projects is in the project narrative, Appendix D, of this agenda item.

Chair Lane thanked Ms. Kimbrough and asked the Committee if there were any questions. There were none.

7. Legislative Update

Nathan Pryor, Government Relations Manager, provided an update on HB 2157 Arizona State Retirement System (ASRS); political subdivision entities. He stated that this same bill was introduced two years ago and was defeated thanks to a coordinated effort. Mr. Pryor noted that this bill would have the effect of preventing future MAG employees from being enrolled in the ASRS and the issue would be the ability to recruit and retain high quality employees. This would also affect other Councils of Governments (COG) and Metropolitan Planning Organizations (MPO), Arizona Association of Counties, the County Supervisors Association, League of Arizona of Cities and Towns and a few other entities as well. He noted that many MAG employees come from employers where they are enrolled in ASRS. Mr. Pryor reported that the bill is a \$25.3 million impact to ASRS, which would be covered by an increase of .03 percent rate increase to those enrolled in ASRS currently. A letter in opposition to the bill has been signed by a number of the COG/MPOs and other associations, and submitted to House members. This bill has gone through the Government and Higher Education Committee and Rules. Last Thursday, February 11th, it did received a Do Pass on voice vote in the Committee

of The Whole. He noted that we are waiting for the bill to be scheduled for Third Read on the House floor. Mr. Pryor extended appreciation to the MAG member agencies who have worked against this bill. He noted that staff will continue to work to coordinate to see this bill defeated.

Chair Lane asked if it is defined as to who this bill is seeking to remove. Mr. Pryor replied that the defined group is political subdivision entities. Those that are performing governmental functions, such as MAG, are included. Chair Lane stated that it is primarily those entities that are run by boards of elected officials. Mayor LeVault asked for confirmation that if this bill passes, it will have a negative effect on the fund balance. Mr. Pryor replied that is correct and it would have a \$25.3 million impact to the system. He also noted that it would create a bifurcated system with organizations like MAG having two retirement systems. Mayor LeVault asked if the Legislators putting this forward have considered this information. Mr. Pryor replied that there was quite a bit of conversation in the Government and Higher Education Committee and noted that the COGs and MPOs are getting caught up in this legislation and it was noted this legislation has been painted with a broad brush.

Mayor Stanton asked why this causes a deficit in the ASRS system. Mr. Pryor replied that the ASRS actuaries explained that by removing those that would have been contributing to the pool creates the downward trajectory and the pool will get smaller. Mayor Stanton stated that this is a very complicated question as to whether to move forward to support this request. He noted that new employees in the Mayor and Council offices are not included in the city's retirement system. He noted that they come to work for the mayor office because they believe in the mission. He stated that he is not prepared to support or not support this moving forward because of the overly simplistic and static economic analysis from the ASRS actuary. Mayor Mitchell asked if there was a way for this legislation to not include the COG/MPOs. Dennis Smith state that the biggest issue for MAG is portability. He noted that people who work at ADOT and other COGs and cities move to MAG, as well as MAG employees moving to cities. Mr. Smith stated that he asked a few employees here at MAG if ASRS was not available at MAG, would you have moved employment. Mayor Stanton said that he had been through a pension reform where people said that it would be difficult to recruit top level employees and that turned out not to be true. He noted that it is understood that if the ASRS is eliminated, MAG would need to become more competitive in other pensions like 401K and in its salaries. Mayor Stanton added that he has lived through pension reforms and it has not played out the way people think, at least within the City of Phoenix.

Mayor LeVault asked if the Public Safety Personnel Retirement System (PSPRS) is different from the ASRS. Mr. Smith asked Becky Kimbrough to respond to this question. He noted that Ms. Kimbrough was previously the Comptroller for ASRS and is very familiar with the difference between the public safety plan and ASRS. Ms. Kimbrough stated that the public safety plan is its own system and it is not a pooled group. She noted that they did, at one time, pool the health insurance subsidies and benefits, but that ended a few years ago. She noted that ASRS is a completely different system than the public safety system in that ASRS is a

multi-employer plan and the public safety system is comprised of individual employers. Mayor LeVault noted that Mayor Stanton is correct that this is a very complicated issue. He noted that he would not want to make a decision that adversely impacts the system. Mayor LeVault explained that if the system from one point says that they will not longer except new employees into the system, and no other changes are made, that one thing alone will cause the average age of participant to increase, which would increase the unfunded liability. Ms. Kimbrough noted that the level of funding for ASRS is about 75 percent.

Mayor Mitchell asked if this legislation was discussed last year. Mr. Smith replied that it was two years ago and MAG was opposed at that time. Mayor Mitchell asked if this was a statutory issue where MAG has government responsibilities. Mr. Smith stated that this was brought up by the bill sponsor that MAG is not in statute and nobody watches over us, and the response was that MAG is in statute for transportation planning, air quality planning and a performance audit is conducted of what MAG does. He also noted that we comply with the Open Meeting Law and Open Records Act. Mr. Smith stated that the other question was who supervises MAG and the answer was that MAG reports to the elected officials in the Greater Phoenix region. The State Transportation Board and Citizen Transportation Oversight Committee (CTOC) representatives are Governor appointments. Mr. Smith stated that if this bill is successful RPTA, which is a political subdivision, would stay in ASRS and Flagstaff MPO's payroll is through the City of Flagstaff therefore they would stay in ASRS. This creates a very uneven playing field. Mr. Smith gave several other examples of the benefit of not supporting this bill. Mayor Stanton stated that this is not a discussion of the value of MAG or the member cities. He noted that MAG does great work. Mayor Stanton stated that he is asking for a more dynamic economic analysis. He noted that you need to look at both the short and long-term risks and opportunities. Mayor Stanton suggested that the committee not take a position on this bill at this time. He state that if this bill does not pass and ASRS continues to accept new employees, these new employees will become a burden to ASRS.

Mayor Mitchell asked the time frame of this bill. Mr. Pryor stated that the bill is still in the House where it was introduced and it pending to be agendized for Third Read. Mayor Mitchell noted that is sounds like time is a factor. He also noted that MAG is valuable and does not want to confuse PSPRS with ASRS. Mayor Mitchell stated that the ASRS outlook presented at the League of Arizona Cities and Towns is that ASRS is fully funded and on solid ground. He noted that it is important to be able to attract those high quality employees. Mayor Mitchell also agreed with Mayor Stanton that it would be important to see a more detailed analysis in the future.

Chair Lane questioned the idea that ASRS needs a continuing feed of new employees coming into the system to make the system work. He then asked how it was defined as a political subdivision. Mr. Pryor stated that MAG is not a political subdivision, but the definition is a "political subdivision entity." Chair Lane recognized all the work that has been done on this issue over the last two years. He agreed with Mayor Stanton and suggested not taking a position and requesting addition analysis. Ms. Kimbrough added that each plan is different and that each plan has a potential to cost more, but also has the potential to cost less. Mayor

LeVault asked if the fiscal impact of this legislation would be negative as it relates to the fund balance. Mr. Pryor stated that it will have a near immediate \$25.3 million impact to ASRS according to ASRS actuary.

Mr. Smith stated that in 2004 MAG was the coordinator and worked on this legislation. He noted that ASRS promoted its plan to MAG. MAG was at the ASRS board meeting to be accepted into ASRS and their new attorney said that MAG was not eligible. MAG got the Attorney General's opinion that said you are not a political subdivision, so it became a political subdivision entity. Mr. Smith asked for clarification on today's discussion. He explained that MAG has been the organizer of this effort sending out the group emails to let everyone know what is going on and providing talking points on this issue. If the recommendation from this committee is to do nothing, then we will stop the coordination. He noted that it would seem strange to everyone since we have been pushing the legislation after a position was taken by the Regional Council two years ago.

Mayor LeVault stated that he understands that the Legislature is being ask to make a decision for political reasons and not fiscal reasons. He suggested to continue to oppose the bill, but does not object to looking at a more detailed analysis at a later time. Mayor Mitchell supported Mayor LeVault's suggestion and, if this Committee desires, request a more detailed analysis in the future and to look at pension reform for MAG. Mayor Barney stated that he agrees that we need to stay with the status quo and look into the pension reform in the future. Mayor Meck stated that it seems like MAG is caught in the middle. He agreed that we need to continue to oppose this bill.

The majority of the Executive Committee agreed to continue to oppose this legislation with Chair Lane and Mayor Stanton suggesting to remain neutral, and Mayors LeVault, Mitchell, Meck and Barney supporting the effort to continue opposing this legislation.

Mr. Pryor provided one last report that staff continues to monitor for a potential bill that would circumvent the newly streamlined 208 processes. He noted that we have not seen a bill to date, but will continue to track.

Chair Lane thanked Mr. Pryor for his update and asked committee members if they had any additional comments.

8. Annual Performance Review of the MAG Executive Director

Mayor Lane stated that the Committee members received in their packet a memorandum and a copy of the Executive Director's contract for review prior to this meeting.

Mayor Mitchell moved that the Executive Committee go into Executive Session regarding agenda item #8. Mayor LeVault seconded the motion and the motion carried unanimously. The meeting went into Executive Session at 1:17 p.m.

The Executive Committee reconvened regular session at 1:41 p.m.

9. Possible Action on the Annual Performance Review of the MAG Executive Director

No action was taken.

10. Request for Future Agenda Items

Chair Lane asked if there were any requests for future agenda items. There were none.

11. Comments from the Committee

Chair Lane asked if there were any comments from the committee. There were none.

Adjournment

There being no further business, the Executive Committee adjourned at 1:41 p.m.

Chair

Secretary